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DECEMBER 1979

Merchandising

PUBLISHED FOR AN INDUSTRY WITH MORE THAN TODAY ON ITS MIND

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Formerly Merchandising Week

Merchandising

PUBLISHED FOR AN INDUSTRY WITH MORE THAN TODAY ON ITS MIND

FOR OVER 60,000 READERS
51,000 RETAILERS

December 1979

4th Retail Hifi Breakout

The bottom didn't exactly fall out of the hifi market in 1979, but it wasn't one of the industry's better years.

Sales of branded hifi components dropped to an estimated $2.166 billion, off about 2% from 1978 total U.S. retail sales figures, reflecting what many manufacturers' reps have charitably described as "soft" business during the year.

This state-by-state analysis is based on interviews with reps and manufacturers' data.

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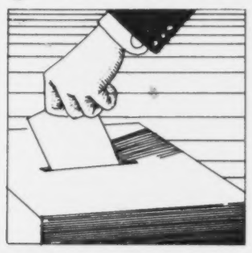
Retailers Target 1980

If dealers of consumer electronics, major appliances and housewares have learned anything from the business vagaries of 1979, it appears to have been caution. It shows in this month's RETAIL OPINION FILE survey.

Last year, an exuberant 81% of the respondents to *Merchandising's* annual survey on sales goals said they expected volume increases over 1978. This year, a more conservative 53% are anticipating gains for the year ahead.

Moreover, more retailers look for a drop in sales in 1980, with an even higher number anticipating no change in volume over 1979.



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Not surprisingly, buyers are betting on basics to make this a merry holiday season in electric housewares. In non-electrics, it's stainless steel and SilverStone-coated skillets or saute pans.

Major appliance retailers, meanwhile, are winding up a year that most are finding better than expected.

The electronics story, of course, is a little mixed—video somewhat better than audio—but no matter what the product category, the more features, the merrier.

Prerecorded Videocassette Report

That the home video market has dropped some of its technological orientation and is going show biz is increasingly evident, and consumers' awareness of new products grows. New entrants into the market, new programs, a lot more advertising and promotion are all part of what's in progress in prerecorded video today.

The volatility of the market is evident in this month's Top 50 chart: "M*A*S*H" and "Patton" are back on top again.

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Store Operations

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Acceptance of third-party credit cards is increasing among retailers.

In fact, the most spectacular gains in the acceptance of third-party credit cards was registered by the $1 million to $2 million department stores: From 3.63% of sales to 18.5%, according to the National Retail Merchants Assn.

Also, both stock turns and pre-tax earnings as a percentage of sales showed declines in 1978 vs. 1977.

Happenings

• The car stereo industry is looking to new product designed for compact cars to provide a sales lift to 1980, after what many executives called a "flat" '79. In addition, the accessories segment of the industry is encouraged by what seems to be a developing "boomlet" in vehicle security devices, spawned by the rise in car thefts.....55

• On the housewares side, National Housewares Manufacturers Assn. managing director Ron Fippinger says his trade group is looking for sales this year to top $15 billion, or a three-fold increase from 1969 when volume totaled nearly $5.5 billion.....54

• Less heartening, the National Assn. of Home Builders has warned that the credit-tightening moves by the Federal Reserve Board will cause another housing collapse, not very good news for major appliance manufacturers.....52

Pre-Conventions

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If January is anything in our industries it is, above all, the month of conventions, shows and seminars.

Here, *Merchandising* reports in brief the views of key association executives as they prepare for one of their biggest months, and perhaps one of their most difficult years.

From the Capital

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A major change in manufacturer-distributor relationships could stem from a recent decision of the U.S. Supreme Court.

Product Picture

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Coming in January

★ Overviews of all the key housewares and consumer electronics product categories, Retail Opinion File, expanded Product Pictures, Trendings, Prerecorded Videocassette Report and more.

A GRALLA PUBLICATION
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U.S. HIFI RETAIL SALES

Sales of branded high fidelity components dropped this year to an estimated $2.166 billion, a 2% decline from last year's $2.206 billion, reflecting what many reps and some manufacturers have charitably referred to as frequent periods of "soft" sales.

The larger volume states, such as California and New York, were particularly hard hit, actually losing market share nationally.

Despite inflationary pressures to boost or even maintain certain price points, sales ended up flat at best in many regions and were up only marginally in others as the year came to a close. In fact, some increases are due only to higher prices. A few areas did report good growth, however.

This report, including a state-by-state anlysis and lists of leading retailers in each state—retailers considered factors in their local markets—is based on extensive interviews with manufacturers' reps across the country, as well as data from manufacturers.

4th ANNUAL RETAIL

SLIP TO $2.166 BILLION

State-by-State Retail Sales

State	$ Volume (in millions)	% of National Total
1. California	364	16.8
2. New York	334.4	15
3. Illinois	163	7.5
4. Minnesota	88	4.1
5. Pennsylvania	83.7	4
6. Ohio	81	3.7
7. New Jersey	78.7	3.6
8. Texas	78.5	3.6
9. Michigan	75	3.5
10. Virginia	70	3.2
11. Washington	60	2.8
12. Colorado	59	2.7
13. Wisconsin	56	2.6
14. Florida	50.2	2.3
15. Georgia	39.8	1.8
16. Massachusetts	38.8	1.7
17. Oregon	37	1.7
18. Missouri	35	1.6
19. N. Carolina	34	1.6
20. Indiana	29.4	1.4
21. Arizona	29	1.3
22. Louisiana	27.7	1.3
23. Oklahoma	24.5	1.1
24. Connecticut	24	1
25. Maryland	18.6	0.9
26. Tennessee	15.5	0.7
27. D.C.	12.7	0.6
28. S. Carolina	12.2	0.6
29. Kansas	11	0.5
30. Utah	11	0.5
31. Kentucky	10.2	0.5
32. Alabama	10.1	0.5
33. Delaware	10	0.5
34. Arkansas	9.5	0.4
35. Mississippi	9	0.4
36. Hawaii	8.6	0.4
37. Alaska	7	0.3
38. New Mexico	6.7	0.3
39. Iowa	6.5	0.3
40. Nebraska	6.5	0.3
41. W. Virginia	6.2	0.3
42. Nevada	6	0.3
43. Wyoming	4.4	0.2
44. Montana	4.2	0.2
45. N. Dakota	4.2	0.2
46. Idaho	3.3	0.2
47. S. Dakota	3.2	0.15
48. Rhode Island	2.8	0.1
49. Maine	2.5	0.1
50. N. Hampshire	2.5	0.1
51. Vermont	1.4	0.06
U.S. Total	***2.166 Billion***	

HIFI BREAKOUT

Retail Hifi Breakout

New England

CONNECTICUT

1979 volume: $24 million
% of national total: 1

Dollar sales of branded hifi components in the Constitution State are seen flat this year. However, regional reps contacted agreed that unit sales were up in the state.

In a reaction to heavy inventories, some manufacturers dropped dealer costs and retailers responded with many price promotions.

For example, one rep pointed out that Pioneer "blitzed the whole area." They offered special terms, prices and co-op programs. Other manufacturers, such as Sansui and Technics, were quick to follow with similar programs.

Unitwise, it was a good year for low- and middle-end hifi. Contributing to this increase is the growing number of dealers and retail outlets in the area. Three that have definitely joined the rank of "leading retailers" are Absolute Audio, Sound Playground and Sounds Alive. Music Systems Ltd. in New Haven is doing very well, merchandising high-end components.

According to one rep, "Connecticut will grow a lot faster than the other New England states. Five years from now I see it doing the biggest volume in the area."

Of private label dealers, such as Sears, Penneys and Radio Shack, the latter is the closest thing to being a factor at the present, but is still not considered among the influential merchandisers in Connecticut.

LEADING RETAILERS
Absolute Audio
Audio Den
Audiotronics
Beck & Quint
Brands Mart
Caldor
East Coast Audio
G. Fox & Co.
Hale Electronics
Karston Studios
Krasco
Fred Locke Stereo
Sound Playground
Sounds Alive
Tech Hifi
Tech Stereo

MAINE

1979 volume: $2.5 million
% of national total: 0.1

While unit sales of branded hifi components are projected perhaps 5% ahead, regional reps see dollar volume remaining even with 1978.

As one rep put it, "Mainers are very conservative and at least several years behind the rest of the country."

Much of this year's business was spurred by price promotions offered by dealers passing lower supplier tags along to consumers.

Another rep attributed the slow growth of hifi component sales here to "too few dealers doing too little advertising, resulting in little consumer awareness."

New England Music was cited as the "most active" dealer in the Pine Tree state.

LEADING RETAILERS
De'Orsey's (Commercial Distributors)
New England Music
Frank Pomerleau's
Radio Shack
Service Merchandise
Sound Cellar
Stromboli's

MASSACHUSETTS

1979 volume: $38.8 million
% of national total: 1.7

Despite a drop in dollar volume, the Bay State is far and away the leader in selling hifi in New England.

Here, too, the dollar decrease reflects lower prices on a number of makes and models. Summing up the positive, regional reps forecast that looked at in units, hifi component business will be "very good this year." Unit increases are projected ahead 7-10%.

The growth of hifi sales in Massachusetts is due to student turnover, which one rep called "tremendous."

Another noted, "At the opening of school there was a bit of a flurry in sales, especially the lower and medium-price systems."

No matter which end of the price spectrum is selling, or when, the student population is the main support of hifi business here.

The impact of private label and mass merchandisers is now a definite factor in the state.

According to one rep, the future of low- and medium-priced hifi is with stores such as Radio Shack, Sears, Penneys, Caldor and Jordan Marsh. "These are the components that make up systems ranging from $300-$700. High-end systems will stay with independent dealers."

He pointed out, and other reps concurred, that few of the dealers dependent on high-end sales will be able to stay in business, yet, one that is doing very well with this category—new to this year's list of leading retailers—is Music Systems Ltd.

Del Padre's joins the list as an independent and Jordan Marsh as a mass merchandiser. Value House is now Service Merchandise and Cramer Olson has become Olson Electronics.

LEADING RETAILERS
Audio Designs
Consumer Audionics
Del Padre's
Ear Drum
Hifi Buys
Jordan Marsh
K & L
Lechmere Sales
Music Systems Ltd.
Nantucket Sound
Olson Electronics
Tweeter (New England Audio)
Radio Shack
Service Merchandise
Sound II
Tech Hifi

N. HAMPSHIRE

1979 volume: $2.5 million
% of national total: 0.1

Paralleling a slowdown in population growth in the Granite State, dollar sales of branded hifi components are forecast slightly down from 1978.

A secondary factor that may have affected the hifi market here was the gas crunch in the spring. A regional rep indicated that dealers, anticipating fewer summer residents, kept inventories low, buying mostly "good deals."

The only new retailer becoming a "leader" in the field this year is Cuomo's. This is a far cry from the 15-20% increase projected last year to come from new dealers moving into the state.

This didn't materialize due in part to the success of Radio Shack. Most reps contacted pointed out that the aggressive promotions of Radio Shack discouraged smaller dealers from entering the market here as well as in other parts of New England.

Of the independents, Tech Hifi, Tweeter and Cuomo's are cited by regional reps as the "most powerful" retailers of branded hifi components in the state.

LEADING RETAILERS
Audio of New England
Cuomo's
Lechmere Sales
Manchester Music
Radio Shack
Service Merchandise
Spectrum Sound
Tech Hifi
Tweeter

RHODE ISLAND

1979 volume: $2.8 million
% of national total: 0.1

Little Rhody is showing up her sister states in New England with an increase in dollar sales of hifi.

In addition to more dealers in the state this year, one rep noted that Rhode Island had a smaller base to grow from. Two of the new dealers, Music Systems Ltd. and Tweeter, join the list of leaders.

For Music Systems Ltd. this is quite remarkable, as it just opened in early fall and sells only high-end hifi. According to several reps, they opened in the right neighborhood in Providence.

At the other end of the spectrum, Ann & Hope continues to lead in promotional low- and medium-price branded hifi.

LEADING RETAILERS
Ann & Hope
Apex
Audionics
Brands Mart
Music Systems Ltd.
Save-Rite
Tech Hifi
Tweeter

VERMONT

1979 volume: $1.4 million
% of national total: 0.06

For a state "not doing enough business in hifi to pay for the gas it takes any of us to go over there"—according to a regional rep—Vermont is seen slightly ahead of 1978 in dollar sales.

Unit sales are seen ahead 8-10%. Much of this increase is coming from three additions to the leading retailers list—Electronic Lab, Ormsby's and Sound Directions. Service Merchandise, formerly Value House, is stimulating business, too.

As one rep pointed out, "I think the lower prices and programs on some branded components helped. Dealers were able to do a lot of promoting and advertising."

While the gas crunch may have held hifi sales down temporarily last spring, regional reps feel it actually spurred sales here. Residents of the Green Mountain State are primarily younger people. They want their sound systems in good working order should another gas situation and/or a snowy winter keep them home-bound.

LEADING RETAILERS
Audio Den
Creative Sound (I.E.S.)
Dartmouth Audio
Electronic Lab
Great Northern Stereo Warehouse
Ormsby's
St. Albans Appliance
Service Merchandise
Sound Directions
Tech Hifi

Middle Atlantic

New Jersey

1979 volume: $78.7 million
% of national total: 3.6

Rocky econimic conditions in New Jersey hit the hifi business just a little bit harder than other sections of the country, regional reps note, although not as hard as it seemed would be the case, given the spring/summer slowdown.

All in all, it is estimated that hifi dollar volume slipped about 5%, while unit figures dipped somewhat lower. While inflation hurt the general economy and the consumer's ability to buy hifi, it also helped keep prices up.

Fewer units but better dollars was certainly the case in northern New Jersey, which most reps describe as an extension of the New York market. Southern New Jersey, influenced as it is by the Philadelphia area, did somewhat better, is the consensus.

Overall, the state is still a highly fragmented market, with no one dealer achieving truly dominant status. Perhaps that is the reason why New Jersey slipped a notch, from six to seven, in its national standing as a leading hifi market.

LEADING RETAILERS

Atlantis
Crazy Eddie
Fad
Drucker's
Monmouth Stereo
Sam Goody's
Sound Machine
Sound Reproduction
Sound & Sight
Stereo Circus
Stereo Wholesalers
Tech Hifi
Two Guys
U.S. Stereo
Woodbridge Stereo

New York

1979 volume: $334.4 million
% of national total: 15

The East Coast capital of high fidelity retailing took a beating this year not unlike its West Coast counterpart—California—albeit, not to the same degree. Sales were off in New York an estimated 5%, according to regional reps, and were it not for inflation-induced higher prices, dollar volume might have dropped still lower.

Hifi business was very spotty over the year, with strong months following slack months and back to strong in many parts of the state. Generally, retail sales were reported to be softer upstate compared with activity in the metropolitan area.

Although much of the advertising that appeared in newspaper advertising contained a price emphasis, price-cutting was far from universal. Many suppliers increased their tags in the wake of the soaring yen rate in the early part of the year, and retailers found they could stay with them and still remain competitive. Better-featured product was not that difficult to move, reps report. In fact, in some instances, there was an upsurge in high-end merchandise.

Despite the slowdown in hifi business in some quarters and the tougher battle to get that business, overall the picture was brightened by the entry of some small retailers. Most of these new operations were not overnight successes (and none entered the list of "leading retailers"), yet the overall effect was a net gain in volume.

In the suburbs and upstate, the spring gasoline crunch hurt, as did the psychological effect of all the publicity given the "imminent" recession. Nevertheless, the metropolitan area (which frequently includes parts of New Jersey and southern Connecticut) flourished in the main. Attesting to this is the fact that Crazy Eddie, one of the dominant dealers in the region, continued to add stores.

A growing factor is JC Penney which pulled out all the promotional stops at varying times during the year. Penneys, however, with its private label merchandise, has not yet reached the level of Radio Shack with its 200 units in the metro area, 17 in Manhattan alone.

Department stores, too, especially upstate, continued to strengthen their efforts, particularly in mid-priced systems. Macy's, which almost dropped out of the business as a result of a fire in its headquarters unit, came on strong in the latter part of the year, both downtown and in several of its branches. Dey Bros. in Syracuse, Sibley's in Syracuse and Rochester, and Adam, Meldrum in Buffalo also made their mark during the year.

Although behind the pace set in 1978, New York managed to produce its bright spots. "Not good, but not bad either," as one rep put it.

LEADING RETAILERS

Adam Moldrum & Anderson
Borger's
Brands Mart
Bryce Audio
Crazy Eddie
Dey Bros.
Freindly Frost/Churchill
Gordon Electronics
Harrison Radio & Stereo
Harvey Sound
Hyatt Audio
Leonard Radio
Liberty Music
Macy's
Metro Electronics
Newmark & Lewis
Rabson's/Audio Warehouse
Radio Shack
Sam Goody's
Sibley's
Tech Hifi

Pennsylvania

1979 volume: $83.7 million
% of national total: 4

Hifi business in Pennsylvania has been good, if not great this year, area reps report.

Supported by a mixed economic base–part industrial, part service and part agricultural—conditions have been pretty much in line with the rest of the country. Although the oft-predicted recession has not yet hit the Keystone State, business has slowed and with it, hifi activity has softened.

Again, inflation has been affecting everything and everybody, which means hifi sales for 1979 are up in dollars—3-5%—but down in units.

Despite the apparent modest improvement in dollar volume, what business there has been has been hotly fought for. Highly aware of the bargain-conscious consumer, the larger hifi dealers have used price promotions heavily; smaller operations simply could not afford to follow suit, and some were hurt as a result. Exceptions were those few retailers with well-established reputations who did well at the high end.

Although competition was keener than ever this year, there were perhaps more new entries to the "leading retailers" lists than dropouts, according to reps.

In the vigorously contested Philadelphia market Wall-to-Wall Sound and Silo's Audio World were still locked in a fight for dominance. In the meantime, Listening Booth became a significant factor, while Tech Hifi departed the scene.

Another new factor in the state is reported to be Best Products, a catalog showroom operator.

LEADING RETAILERS

Appliance City
Best Products
Campus Stereo
High Fidelity House
Kaufmann's
Listening Booth
Mace
Opus One
Silo's Audio World
Sound World
Stereo Equipment
Stereo House
Wall-to-Wall Sound
Wander Sales

Private label merchandisers growing stronger

A quick glance at the list of "Leading Retailers" in this report should be the first indication of just how far Radio Shack and JC Penney have come with their respective Realistic and Modular Component Systems private label hifi lines in the past year: They're mentioned as "factors" in most areas by manufacturers' reps—far more frequently than they were in last year's state-by-state hifi breakout.

Sears, still the biggest retailer around with a private label hifi line, doesn't show up at all in the survey.

That Radio Shack, in particular, should be mentioned so often by reps as doing a "good job" can hardly be a surprise to anyone who follows the hifi market or the company. According to knowledgeable sources, Radio Shack may easily account for 12% of the total U.S. hifi components market—branded and private label good combined. At least one source who has worked closely with Radio Shack's audio/hifi operation believes its penetration is even greater.

One point of reference: Radio Shack's own marketing department, which includes a market research function, estimates that the company is the national leader in speaker systems unit sales.

Further evidence of Radio Shack's success in the market is that it ranked seventh in *Merchandising's* 7th Annual Consumer Survey (Oct., 1979) when consumers were asked what "brand name" came to mind first when they thought of component high fidelity.

No one really has a good handle on just how well Penney is doing, although many hifi executives continue to be impressed with the depth of Penney's product sourcing and its advertising expenditures. The marketing vice president of one of the biggest company's in the business recently took the trouble to calculate what he thought Penney was averaging per store in hifi sales volume and multiplied that estimate by the number of Penney units selling the MCS line. "What I came up with," he said, "is that Penney is doing in just over two years what it took U.S. Pioneer four years to achieve."

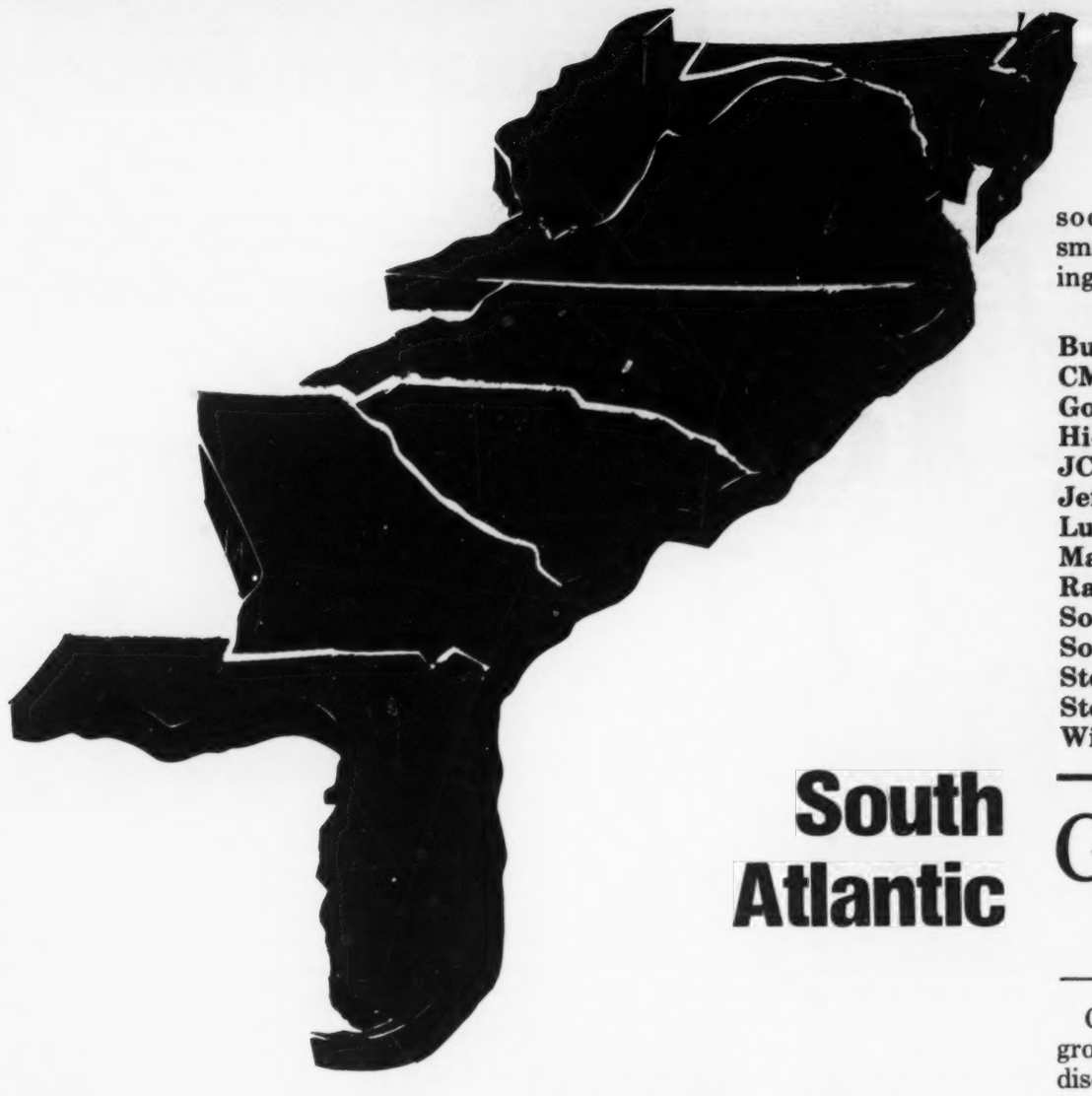
Adding to their credibility, both Radio Shack's Realistic and Penney's MCS lines have received generally high marks in the past year in product reviews in consumer high fidelity magazines, leading sources of information on hifi products.

Much of the Radio Shack and Penney success stories are due to heavy advertising and promotion. Both have used national and local spot television and Radio Shack, in particular, has been pounding away with an ongoing campaign of newspaper ads. In addition, both operations have been using national, general-interest consumer magazines to promote their hifi products. Indeed, Penney has outspent U.S. Pioneer, the proverbial industry big spender in national advertising, during extended periods in the past two years, sources report.

Neither retailer is bashful about price promotions. Half-price sales aren't unusual for Radio Shack, and Penney has had good success with its "Now You Don't Have to Pay Through the Nose to Please Your Ears," ad blitz.

The consensus among reps is that these two massive merchants will become stronger unless independent retailers and others take steps to keep their branded products out front—and they won't be able to do that with price competition alone. •

Retail Hifi Breakout



South Atlantic

DELAWARE

1979 volume: $10 million
% of national total: 0.5

Inflation rather than improved business is given as the prime reason for Delaware's estimated 5% increase in hifi sales. It's the dollars, not the units, that will push 1979 volume over 1978 levels, most reps agree.

Little changed from last year, the local market is still made up mainly of consumers interested in high-end componentry and those who shop hifi on a price-only basis. There was little activity in the mid-price ranges, reps declare.

Out-of-state merchandisers still dominate Delaware's hifi scene, with specialists and catalog showrooms claiming the largest market shares. An exception, reps say, is Sound Studio, the very aggressive Delaware-based independent.

Up-and-coming as hifi factors are Radio Shack and J.C. Penney; some reps say between them both they could "own" as much as 15% of the local market.

LEADING RETAILERS
Basco
W. Bell
High Fidelity House
JC Penney
Radio Shack
Silo's Audio House
Sound Studio
Stereo Discounters
Wall-to-Wall Sound

D. OF COLUMBIA

1979 volume: $12.7 million
% of national total: 0.6

The hifi business in Washington, D.C. this year has been good, most reps say, but nothing compared to last year. Although the federal government is the largest employer in town, consumers were troubled by the same concerns as elsewhere in the country: Inflation, gasoline shortages, uncertainties about the economy, etc. Nevertheless, hifi sales are still expected to wind up the year on the plus side—as much as 5% ahead.

On the positive side, reps say, are the growing number of college students in the area, as well as the generally high per capita income.

Of especial interest to the hifi scene has been the upgrading that seems to be the trend here. Those who are buying hifi are going for higher-end merchandise, and bigger tickets overall.

Although specialty stores still dominate the market, appliance/tv dealers are said to be making inroads using price and service for their promotional thrust.

LEADING RETAILERS
Atlantis
Audio Associates
Audiocrafters
Audio Buys
Circuit City
Contemporary Sound
George's
German Hi-Fi
Luskin's
McGuire's Audio
Myer-Emco
Reliable Home Appliances
Shrader's Sound

FLORIDA

1979 volume: $50.2 million
% of national total: 2.3

Florida broke the $50 million sales volume mark this year after what was considered to be a very good 1978.

Although specialists continue to account for most of the hifi business throughout the state, the big news this year is the expansion of catalogers and department stores.

Best Products has just emerged in this marketplace as a factor in hifi componentry, along with such mass merchandisers as Burdine's, Jefferson Stores, Maas Brothers and Gold Triangle.

Radio Shack and JC Penney continue to make their mark with quick-hit price-oriented sales.

The two leading specialists in the state, according to reps, are Hi-Fi Associates and Sound Advice. But smaller, one-store operations are coming on strong in all parts of the states.

LEADING RETAILERS
Burdine's
CMC
Gold Triangle
Hi-Fi Associates
JC Penney
Jefferson Department Stores
Luskin's
Maas Brothers
Radio Shack
Sound Advice
Sounds Unlimited
Stereo Town
Stereo World
Wide World of Sound

GEORGIA

1979 volume: $39.8 million
% of national total: 1.8

Georgia's tremendous industrial growth last year, which brought lots of discretionary money into the state, has ebbed. One result, reps note, has been a more modest, steady increase in high fidelity revenues—on the order of 10% this year, compared with 1978's robust 20%.

Atlanta still remains the hifi capital of the state, although good business has been reported in some of the smaller cities, especially campus towns.

Purveyors of hifi merchandise are divided among specialty outlets, catalog showrooms and department stores, albeit not in equal parts. Still dominant are the specialty operations, doing especially well in the Atlanta area catering to the "carriage trade" high-end shopper. Specialists are also successful, reps say, in the smaller towns of the state.

Another factor sure to demonstrate increasing influence is Pacific Stereo, which recently arrived on the scene. Their promotional muscle and savvy are due to have ever-growing impact on the market.

Still other retail elements growing at the expense of specialists are catalog showrooms and department stores. Rich's and Davison's, in downtown Atlanta as well as in suburban malls, are showing strength. And new cataloger entries, such as Service Merchandise, are also staking claims to market share with heavy price appeal.

LEADING RETAILERS
Audio Outlet
CMC
Davison's
Fat Julian's
Hi-Fi Buys
High Fidelity SSS
Norwood's
Pacific Stereo
Rich's
Service Merchandise
Stereo Village

MARYLAND

1979 volume: $18.6 million
% of national total: 0.9

A broadening high fidelity retail marketplace contributed to a steady, low-key growth in sales volume in Maryland. This, despite some heavy and ongoing promotions by many dealers, particularly those in the Baltimore-Washington, D.C. area.

Stores springing up across the state, not only in the Baltimore metropolis, included audio/video specialists, catalog showrooms, electronics chains (including more Radio Shacks), Lafayettes and mass merchandisers, all handling hifi to some extent.

Also included as strong promoters are the mail order operators and a few department stores.

Maryland shoppers are concerned about escalating energy costs, area reps report, resulting in a more prevalent stay-at-home attitude, with local dealers being the prime beneficiaries.

As in most areas, price remains the number one selling tool for hifi.

LEADING RETAILERS
Audio Associates
Custom Electronics
Golden Ear
Gordon Miller Music
Gramaphone
Harmony Huts
Hecht Co.
JC Penney
Lafayette
Luskin's
Radio Shack
Sight & Sound
Soundscape
Sound Studio
Stereo Land

N. CAROLINA

1979 volume: $34 million
% of national total: 1.6

It's been a soft year for high fidelity in the Tarheel State, due primarily to the depressing effects of a generally inflation-plagued economy, electronics reps report. Sales, measured by inflated dollars, held up better, of course, than unit sales.

Nevertheless, reps note that North Carolina is not a price-dominated market. Higher-ticket merchandise is generally the most successful, and consumers respond very well to feature- and quality-oriented promos.

Without a central business focal point, the state's main markets are four in number: Charlotte; High Point/Greensboro; Raleigh/Durham/Chapel Hill, and the region stretching along the east coast.

Hifi specialty retailers have taken firm command of the market, according to a rep consensus, three of whom are rated as dominant: Todd's Stereo, Treyer Yelverton and Woofer & Tweeter.

Also making their presence felt on the hifi scene are two catalog showroom operators—Best Products and Service Merchandise.

Harvey's Warehouse, once considered an influential hifi merchant, has lost ranking, some reps say, as have other independent specialists. But still other independents have taken up the slack, yielding little market share to different types of outlets.

LEADING RETAILERS
Audio Systems
Audio Video Concepts
Back Stage Sound
Best Products
Eddie's Music

Kelly Appliances
Service Merchandise
Sight & Sound
Stereo Sound
Stereo Village
Todd's Stereo
Treyer Yelverton
Woofer & Tweeter
World Electronics

S.CAROLINA

1979 volume: $12.2 million
% of national total: 0.6

The tempo of 1979 hifi sales in this state was not unlike that of its sister state to the North: Soft, but not calamitous.

A group of small and aggressive high fidelity specialists continues to dominate the South Carolina marketplace. Such names as Itchy's, Kelly Enterprises, Stereo Showcase and Audio Systems were cited by a majority of the sales reps contacted.

Other factors on the hifi scene include the Sam Solomon Co. catalog showroom operation and the Lafayette chain. In addition, independents on college campus sites, mainly single-unit specialists, are also said to be faring well.

The pressures of the relatively soft economy, however, took their toll. Other one- and two-store hifi independents slipped in ranking, if they did not depart the scene altogether.

LEADING RETAILERS
Audio Systems
Hi-Fi Sound & Record Center
Itchy's
Kelly Enterprises
Lafayette
Sam Solomon Co.
Stereo Showcase

VIRGINIA

1979 volume: $70 million
% of national total: 3.2

Virginia's consumers have been buying hifi at a relatively slower pace this year, and gains are more modest compared with the sizable increases of past years.

Richmond's business community and the naval installations in Norfolk are still providing most of the economic muscle for the state. Also important, say reps, are the college towns around the commonwealth where the smaller independents continue to do well.

The hifi dealer mentioned as the most innovative and aggressive is Best Products, a catalog showroom chain operation. On the other hand, Harvey's Warehouse, once considered an influential factor, has fallen in stature, reps assert.

Gaining market share this year have been Radio Shack and JC Penney. One rep declares that these two mass merchandisers could eventually account for as much as 20% of Virginia's total hifi business, if they don't already do so.

Wards Co., in the form of Circuit City and Dixie Hi Fi, is also considered to be a factor.

The status of other specialty operations has remained relatively unchanged, reps note.

LEADING RETAILERS
Atlantis
Audio Associates
Audio Center
Best Products
Gary's
JC Penney
Lakeside Audio
Leeds Music
Radio Shack
Ross Music
Wards Co.
Whitesell

WEST VIRGINIA

1979 volume: $6.2 million
% of national total: 0.3

Rebounding from last year's strike-plagued economy, West Virginia's high fidelity business is very much on the upswing with dealers working hard to make up for lost time.

Coming off what was considered a disastrous year (1978) for the business, reps indicate that it really wasn't difficult for the state's hifi merchandisers to come up with the kind of growth they experienced during the year. However, there was little expansion of existing dealerships and very few independents set up shop in the area this year.

Specialists tend to control much of the marketplace in the state. Emphasis on mid-priced and higher-end hardware helped boost volume. Also, reps have indicated that price resistance is lower in West Virginia than in many other areas.

LEADING RETAILERS
Electroloft
Mac & Dave's
JC Penney
Pied Piper
Sound Investments
Sound Post
Wheeling Sound

East North Central

ILLINOIS

1979 volume: $163 million
% of national total: 7.5

Illinois had a bad time of it this year in hifi with much of the market conditions beyond the control of many retailers.

A record snow accumulation all but obliterated the first quarter; then dealers faced a late summer, early fall slump; and even the expected fourth-quarter improvement seemed unlikely to bring the year's dollar volume up to year-ago levels, according to rep estimates.

As usual, heavy competition kept pricing down. JC Penney was cited by several reps as a strong price competitor. And Radio Shack, with some 100 outlets in the Chicagoland area, reportedly symphoned off audio and hifi sales at an increasing rate.

Musicraft, Pacific Stereo and Playback retain their status as the "Big Three" in hifi volume, and their influence extends across neighboring state borders, particularly in the case of Playback.

A recent opening by Musicraft of its seventh store, in suburban Arlington Heights, was one of the relatively few store additions this year.

United Audio Centers and Columbia Audio-Video each grew to four stores, mostly in the Chicago area, although Columbia's newest is in Rockford, the state's second city, 90 miles northwest.

Schaack Electronics and Alan Radio are multi-outlet operations that continue as factors.

Appletree Stereo, out of DeKalb, is an expanding chain, largely in college towns outside the major metro Chicago area, where its closest store is in far west suburb Naperville.

Team stores are active here, too, mostly in far suburban or rural areas.

Departed from the scene are Midwest HiFi, Chicago area chain, and Diener Stereo in Carbondale and Champaign, whose owner retired.

Aside from the specialty operations, Polk Bros., with its Chicago hardgoods chain strength, "moves quite a bit" of merchanidse, say reps, although its trade image is more midfi. Two catalog showroom chains, the local McDade's and out-of-state based Service Merchandise, are also not to be overlooked.

Department stores, like Marshall Field and Goldblatt's in Chicago; Bergner's in Peoria; the Charles V. Weise Co. in Rockford, while into audio, are not considered big in hifi.

There's been a lot of price pressure on name brands in the area. But at the same time, more business was being done on the higher end. As one source put it, "When you come into a recessive situation, the lead-off, $299-$349 packages don't sell in the quantities they normally do."

LEADING RETAILERS
Alan Radio
Appletree Stereo
Audio Consultants
Audio Video
Columbia Audio-Video
Good Vibes
Hi Fi Hutch
JC Penney
Kemper & Dodd
LaSalle Electronics
McDade's
Musicraft
Pacific Stereo
Playback
Polk Bros.
Radio Shack
Schaack Electronics
Service Merchandise
Team Electronics
York Radio

INDIANA

1979 volume: $29.4 million
% of national total: 1.4

It was a tough year for hifi in Indiana, a battleground between home-based and out-of-state chains.

Although a diversified economy helps provide a measure of stability, overall volume was off a bit, most reps indicated.

As one source commented on the competitive scene: "We have problems with estimating volume because of the large companies outside the state who sell a good bit of audio in Indiana." He cited such out-of-staters as CMC, Playback and Service Merchandise (the latter a catalog showroom operator) as being high fidelity factors, Woolco stores don't do much hifi componentry, but reps report that they take a lot of audio business out of the market.

Among the factors here in hifi are Dixie HiFi, based in Richmond, VA, and located in Indianapolis, the Sound Room, based in Michigan, with a store in South Bend.

JC Penney is a factor and homegrown Graham Electronics, an Indianapolis-based chain, also distributes to smaller dealers.

HiFi Buys, based in the state, is one of the few expanding, but into Tennessee with an outlet in Nashville.

Classic Stereo is considered the leading specialist in Ft. Wayne, where Lehman's, an appliance dealer, also has a good hifi image. Stereo Scene is considered a strong specialist in South Bend.

Cited as up and coming are two independents in college towns—Von's Audio in Lafayette and Allan Audio in Bloomington.

LEADING RETAILERS
Allan Audio
Classic Stereo
CMC
Dixie HiFi
Graham Electronics →

Retail Hifi Breakout

HiFi Buys
JC Penney
Karma Audio
Lehman's
Playback
Risley & Julian
Service Merchandise
Sound Productions
Sound Room
Stereo Lab
Stereo Scene
Von's Audio

MICHIGAN

1979 volume: $75 million
% of national total: 3.5

Problems in the auto industry cast an economic shadow over the hifi marketing scene in this state, with retail sales volume estimated to be off considerably.

The Detroit area, its population center, was particularly hurt by weakness in the automotive industry and the headlines grabbed by the Chrysler situation. Also, there were some payless days for Wayne County employes because of local fiscal problems.

Regarded as the "big hitters" with the dominant share of market are the chains' Highland, Fretters and Eric Electronics (a Lafayette affiliate).

Also considered major factors are two outside-the-state-based chains, Playback in western Michigan and, more recently, Schaak Electronics, in the Detroit area, and Tech HiFi.

In the Detroit area, successful independents include Absolute Sound with three stores; Almas Hifi with two stores, and The Gramaphone.

Stereoland has trimmed some of its outlets.

Adray's, which like Highland and Fretters, is also strong in appliances and tv, is a good mover of hifi equipment in its suburban Dearborn location.

J. L. Hudson, the department store is more aggressive in components, as is newcomer Service Merchandiser, a catalog showroom.

Some of the audio specialty shops in the highly saturated Detroit market experienced trouble, but among the stronger survivors are Point Electronics and Pecar Electronics, a high-end shop.

Outside the Detroit area, major factors include HiFi Buys in Lansing, Jackson and Ann Arbor; The Sound Room in Grand Rapids, Kalamazoo, and Benton Harbor (its newest); The Stereo Shop in Lansing and Traverse City; and, in the lightly populated Upper Peninsula, Soundnorth and Sound Center.

LEADING RETAILERS
Absolute Sound
Adray's
Almas Hifi
Eric Electronics
Fretters
Gramaphone
Highland
HiFi Buys
J. L. Hudson
Pecar Electronics
Point Electronics
Playback
Service Merchandise
Sound Center
Soundnorth
Sound Room
Stereoland
Stereo Shop

OHIO

1979 volume: $81 million
% of national total: 3.7

The tough economic conditions under which hifi retailers had to operate in Ohio this year made it questionable whether there was any sales growth, if not a slight decline altogether.

There was little change on the retail scene. If anything, the smaller ma and pa audio shop may be a thing of the past. The bigger chains and stronger independents appeared to be taking an even greater hold on the market, according to rep sources.

A typical comment: "In the past, the market was in an inverse pyramid, where the growth rate was so astronomical it almost walked over the top of recessions. Now it isn't true. Market growth has slowed down and we're starting to react and respond more to the economic curve."

But while expansion may have been curtailed, the roster of "big hitters" on the retail scene showed little change.

These continued to be Audio Warehouse with outlets throughout the state; Tokyo Shapiro in the northern Cleveland-Akron area; Sun TV in Columbus; Rex in Dayton; Steinberg's and Swallens in the greater Cincinnati area.

Independents with a niche of their own are Channel One in Toledo, Audiocraft and Sound Chamber in Cleveland, United Sound Associates in Findlay and Bowling Green, and Stereo Lab with outlets in Cincinnati.

Appliance/tv dealers regarded as hifi facotrs include Lucas, out of Columbus, which opened a store in Springfield and B&B and Northeast Appliance, both in Cleveland.

Department stores in the state are dabbling in hifi. But their modest niche, along with the fact that no outside firms of consequence have come in, testifies to the continued hold the home-grown chains and independents have on the Ohio market.

LEADING RETAILERS
Audio
Audiocraft
Audio Warehouse
B&B
Biddle's Sight and Sound
Carlin Electronics
Channel One
Lucas
Northeast Appliance
Rex
Sound Associates
Sound Chamber
Steinberg's
Stereo Lab
Swallens
Tokyo Shapiro
United Sound Associates

WISCONSIN

1979 volume: $56 million
% of national total: 2.6

With its status as a leading dairy and brewery state providing it a measure of economic liquidity, Wisconsin's hifi business fared relatively well this year.

Helping to generate hifi growth in a "conservative" consumer climate is a strong retail base of chains and independents.

Out-of-state based chains like Playback from Chicago, Pacific Stereo from the West Coast, Schaack Electronics from Minneapolis, as well as franchisees from Team Electronics, also based in Minneapolis, have brought more promotional flamboyance to the area, particularly in the big Milwaukee market.

But their activity has not weakened the status of old-line independents who remain very much a part of the scene, like Flanner & Hafsoos, Port of Sound, Sound Stage and Wack Electronics.

The Boston Store is considered the most aggressive among department stores, but like Shopco, a Green Bay-based discount chain, it is not really big in hifi componentry, according to rep sources.

Sound Gallery in Racine opened a second store in Kenosha, meanwhile.

Considered to be the single biggest independent in the state, however, is American TV & Appliance, whose influence extends well beyond its base in Madison, the state capitol. Other factors there are Happy Medium, Specialized Sound and a Team franchisee, which added a store in Janesville.

Further upstate are the expanding Echo Communications chain, Sound World, and Soundnorth.

LEADING RETAILERS
American TV
Flanner & Hafsoos
Happy Medium
Pacific Stereo
Playback
Port of Sound
Schaack Electronics
Sound Gallery
Soundnorth
Sound Stage
Sound World
Specialized Sound
Team Electronics
Wack Electronics

East South Central

ALABAMA

1979 volume: $10.1 million
% of national total: 0.5

High fidelity business in Alabama is "holding its own," with projections calling for a slightly better year in 1979, compared with 1978.

Major markets in the state are Birmingham, Huntsville, Montgomery and Mobile.

All four sectors are generally dominated by independents, reps say, who are more aggressive than the traditional retailers.

Economic conditions are not the "doom and gloom" of other regions, reps indicate. High-end merchandise has been moving the best, with service and features prime selling tools.

The leading dealers continue to be Stereo Warehouse, Sound Distributors, Service Merchandise, Gayfer's and Wide World of Music.

LEADING RETAILERS
Custom Sound
Fiddler Hifi
Gayfer's
Hifi Hideaway
Kretzer's
Record Shop
Service Merchandise
Shalimar Sound
Sound Distributors
Soundtrack
Stereo Warehouse
TUC Sound Studios
Wide World of Music

KENTUCKY

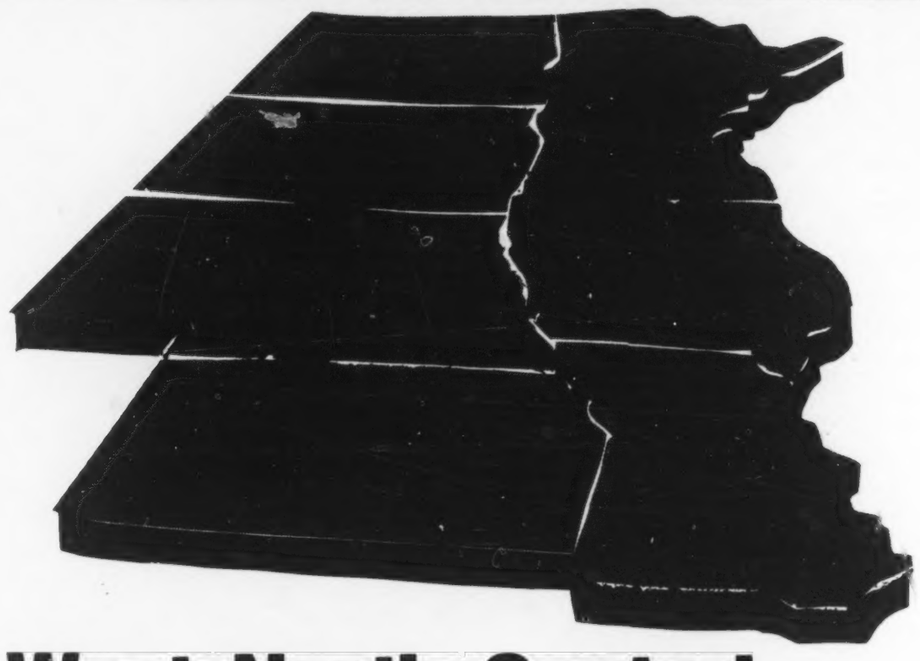
1979 volume: $10.2 million
% of national total: 0.5

Both old and new Kentucky homes are being equipped with highly-sophisticated high fidelity components, according to the majority of sales representatives contacted.

The economy is good, they say, resulting in higher-priced receivers, cassette decks and amplifiers leading the pack. Overall, however, dollar volume is on a par with last year.

Both Lexington and Louisville remain the top markets, bolstered by small independents and chains.

Some of the retailers mentioned in the forefront include Playback, Dixie HiFi, Bacon's Department Store and Service Merchandise.



West North Central

MISSISSIPPI

1979 volume: $9 million
% of national total: 0.4

Mississippi continues to be one of the brighter spots in the East South Central region.

Dollar volume is expected to increase at least 10% in the state over last year's figure due primarily to a booming economy and "lots of extra income."

Independents remain on top, with this year's list including four giants in the state: Audio Systems, Helwic Electronics, Hooper Electronics and McRae's.

LEADING RETAILERS
Audio Systems
Helwic Electronics
Hooper Electronics
McRae's

TENNESSEE

1979 volume: $15.5 million
% of national total: 0.7

It's becoming a hotly contested high fidelity contest in Tennessee between the independents and department stores.

The state's major department stores, such as Cain-Sloan and Miller's, as well as JC Penney are getting into the act.

The leading specialist continues to be Circuit City, reps note, with many smaller dealers scattered throughout the state.

Total volume is predicted to be minimally ahead of last year.

LEADING RETAILERS
Anderson Audio
Audio Systems
Cain-Sloan
Capitol Audio Visual
Circuit City
College Hi Fidelity
CMC
Electronic Pavillion
Harvey Warehouse
HiFi Corner
HiFi House
JC Penney
Miller's
Nicholson's
Opus Two
Service Merchandise
Sound's Impressive
Watkins Stereo

IOWA

1979 volume: $6.5 million
% of national total: 0.3

Hifi component sales were a little harder to come by in the tall corn state this year, but there were some gains, according to rep estimates.

A strong agriculture base helped make the economy less susceptible to the downturns experienced elsewhere. However, a lengthy strike in the related farm equipment manufacturing industry, at John Deere, hit some consumer pocketbooks in the area.

The retail scene continued to be dominated by two home-grown chains; World Radio, or WRL (for its original Word Radio Laboratories name) and Stereo Town. They are particularly strong in the state capital, Des Moines. World Radio, based in Council Bluffs, also opened a new store in one of the larger eastern Iowa towns, Cedar Rapids.

Team stores are also major factors around the state, such as the franchisees based in Sioux City and Davenport.

Audio Odyssey in Davenport is regarded as one of the strongest in the Quad Cities area, which also includes Bettendorf, IA and Rock Island and Moline, IL. Sound Depot is another, and it opened a second outlet in Muscatine, another Mississippi River town.

Sound World in Ft. Dodge is one of the bigger promoters and is part of a loosely affiliated chain with outlets also in Marshalltown and Mason City.

Waldon Photo out of Waterloo, Stereo by Midwest in Des Moines and Renier's in Dubueque, are considered key independents in their respective markets.

LEADING RETAILERS
Audio Odyssey
Renier's
Sound Depot
Sound World
Stereo by Midwest
Stereo Town
Team **Waldon Photo**
World Radio

KANSAS

1979 volume: $11 million
% of national total: 0.5

A golden wheat harvest helped insulate Kansas from much of the economic shocks experienced in more industrial states.

However, a highly competitive Kansas City area, where many retailers operate on both sides of the Missouri state line, tended to depress dollar volume in hifi. As a result, overall retail hifi sales in Kansas in 1979 are seen slowing to the point where they are only holding their own with last year.

The Kansas City area, one of the nation's biggest automotive centers, saw the production slowdown in that industry impacting on the hifi business, and felt by retailers with outlets in Kansas as well as Missouri.

Adding to the competitive scene in that bi-state area was the arrival from Omaha of the Audio Professionals chain with outlets in both sides of the state line.

Showing growth is the Wichita area, where the leading retail factors, reps report, are Nichol's (which also bought out a store in Emporia), Custom Sound, Space Age and Superior Sound, the latter particularly heavy in the pro end of the business.

TSC Sound—one of the original Team franchisees—based in Topeka, meanwhile, has expanded.

Kief's Gramaphone in Lawrence and Manhattan—two college towns—is said to be growing. A factor in Great Bend in the western wheatfields is Frontier Sound.

LEADING RETAILERS
Audio Professionals
Burstein-Applebee
CMC
Custom Sound
Frontier Sound
Gramaphone
David Beatty
Dolgin's
Macy's
Nichol's
Space Age
Superior Sound
TSC Sound

MINNESOTA

1979 volume: $88 million
% of national total: 4.1

A diversified economy contributed to keeping hifi component sales only slightly better than year-ago levels.

The audio retail scene appears little changed from a year ago, according to area reps.

The "big guys" are still Schaak Electronics and Team—the purchase of the latter by its management from Dayton-Hudson being regarded as a strengthening move.

Both do considerable volume outside the state as well, but since most of the purchasing is made locally, it tends to bloat Minnesota volume estimates.

LaBelle's, the catalog showroom chain, is becoming an increasing factor in hifi component sales.

There were some specialty store casualties. And the expected entry into the Twin Cities market of Pacific Stereo has been postponed, if not permanently shelved.

But the leading chains survived the tougher competitive scene, notably Audio King and Sound of Music in the Twin Cities area; Sound World, headquartered in Rochester, in the southern part of the state; and Stereo One, out of Brainerd, in the north.

In Duluth, a major independent, Sound Trek, became a Team franchise.

Dayton's continues to do well in hifi business, and is regarded as more aggressive in that sector than most area department stores.

LEADING RETAILERS
Audio King
Dayton's
LaBelle's
Schaak Electronics
Sound of Music
Sound Trek
Sound World
Team

MISSOURI

1979 volume: $35 million
% of national total: 1.6

Buffeted by heavy snow at the start of the year and slowdowns throughout in the car production centers of St. Louis and Kansas City, it was a tough climate for hifi component sales in 1979.

Estimates indicate the state is being hard-pressed to match year-ago levels, and volume may have fallen by about 10%, according to some rep sources.

There were some new store openings; but there were also some cutbacks and closings.

CMC pretty much maintained the status quo with over a score of stores, split between the KC and St. Louis markets.

In St. Louis, Tipton's and out-of-state-based Pacific Stereo may have experienced some problems but continued as major forces, as did Custom HiFi (from Houston) which entered the St. Louis market late last year.

Key independents include Flip's Stereo and Hi Fi Fo Fum, both of whom had cut back their number of stores, and Best Sound, while Famous Barr, the department store, was becoming more a factor in hifi.

Dolgin's, the catalog showroom, is well into the audio scene now with aggressive advertising and good displays and sales personnel. Brands Mart, a leading independent, has expanded its quarters.

Cited as factors elsewhere are Summit Sight and Sound in Jefferson City which added a store in Columbia, Show Me Electronics in Rolla, House of Sound in Springfield, and Kemper & Dodd in Cape Girardeau.

LEADING RETAILERS
Audio Electronics
Audio Professionals
Best Sound
Brands Mart
Burstein-Applebee
CMC
Custom HiFi
David Beatty
Dolgin's

→

Retail Hifi Breakout

Famous Barr
Flip's Stereo
HiFi Fo Fum
House of Sound
Independence Audio
Kemper & Dodd
Pacific Stereo
Show Me Electronics
Summit Sight and Sound
Tipton's

NEBRASKA

1979 volume: $6.5 million
% of national total: 0.3

A growth market, both in actual sales and in potential--that's the prognosis for Nebraska in hifi.

The state appeared to be immune to the economic malaise being felt elsewhere. Its strength is a healthy agricultural economy, and a growing Omaha, which is also a major insurance industry center. Unemployment is low.

Hifi is "hopping" in the Omaha-Lincoln axis, with most of the state's leading retailers operating stores in both areas. Lincoln, the state capitol, is also home of the state university.

The big factor on the retail scene is the World Radio chain, whose headquarters are across the river from Omaha in Council Bluffs, IA.

Doing well also are Team stores, according to rep reports.

LEADING RETAILERS
Audio Professionals
Communications Engineering
Custom Electronics
Midwest Audio
Sound Machine
Stereo West
Richman-Gordman
Team
World Radio

NORTH DAKOTA

1979 volume: $4.2 million
% of national total: 0.2

A strong farm economy continues to make this lightly populated state a healthy one for hifi sales.

But it is also largely an adjunct of neighboring Minnesota in terms of retail marketing, since the major outlets, Team, Schaak Electronics and LaBelle's are all Twin Cities based.

A few independents hold forth in communities like Bismarck and Minot, but the chains take up most of the volume.

LEADING RETAILERS
LaBelle's
Schaak Electronics
Team

SOUTH DAKOTA

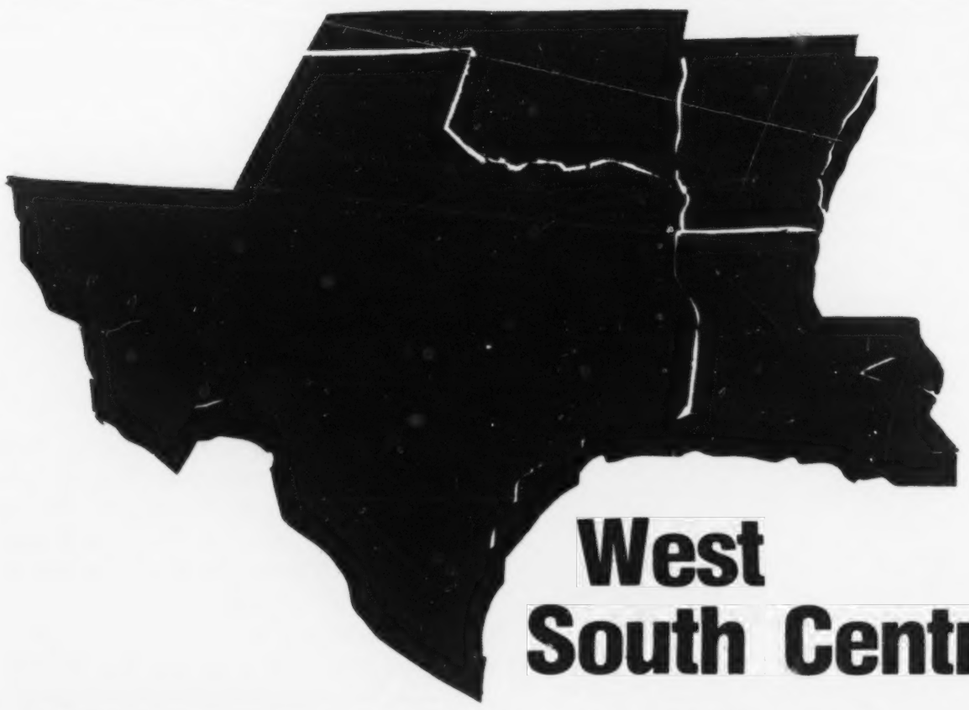
1979 volume: $3.2 million
% of national total: 0.15

Like its neighbor to the north, a healthy agricultural base kept South Dakota's economy sound and hifi growing.

Schaak Electronics continues to lead the market here. But a few other dealers are also thriving, albeit competing for a relatively small volume total.

Dakota Audio in Brookings is one; Stereo Town in Rapid City another.

LEADING RETAILERS
Dakota Audio
Schaak Electronics
Stereo Town



West South Central

ARKANSAS

1979 volume: $9.5 million
% of national total: 0.4

Little has changed in Arkansas that would have any impact on hifi sales. Although regional rep estimates pushed the state's sales volume in hifi slightly above the national average in terms of growth in 1978, business has been essentially flat this year.

The main reason for this, according to reps, is the state's usury law which places the maximum interest rate for borrowing at 10%, too high for the kind of floor financing retailers are used to here and just high enough to keep a lot consumers out of the marketplace. Unfortunately, reps say that under the law, it could be a year before the statute is changed. But they're confident that a change is likely due to political pressure from merchants throughout the state.

LEADING RETAILERS
Custom Audio
Dillard's
Electronic Sales & Service
Moses' Melody Shop
Sound Town
Walloch's TV & Appliances

LOUISIANA

1979 volume: $27.7 million
% of national total: 1.3

Hifi sales in Louisiana picked up a bit this year, but not by much.

Two of last year's factors, Miller Stereo and Sound System, dropped from the scene. However, others have gained in market share and there's even a few new dealers in the state who get high marks from area reps. Dillard's part of the big department store chain based in Ft. Worth, TX, is winning hifi points here, as is Audio West, a new small independent and Howard Griffin Sound Center, both in West Monroe.

Shreveport Refrigeration/ Sound Wave has been particularly strong this year. In fact, one rep claims Shreveport R/S accounts for 60-70% of all high fidelity sales in its market.

LEADING RETAILERS
Alterman's
Audio West
Campo Appliances
Custom HiFi
D. H. Holmes
Dillard's
Howard Griffin Sound Center
New Generation
Ogden Park Record Shop
Savard's Shreveport Refrigeration/Sound Wave
Kadairs Sight & Sound
Sound Trek

OKLAHOMA

1979 volume: $24.5 million
% of national total: 1.1

Oklahoma's hifi market was generally flat this year. Nevertheless, there are a few newcomers here who are doing a good job at retail, according to reps serving the area.

Mentioned specifically were Audio Midwest near Oklahoma City and The Turntable in Enid. Sound Track, which had five stores a year ago in various locations, has cut back to two, including an audio/hifi supermarket. But Sound Track reportedly is doing more volume in these two stores in Oklahoma City than it did in its original five.

LEADING RETAILERS
Audio Midwest
Audio Tech
Custom HiFi
Dillard's
Imperial Sound
Sound Track
The Turntable
Thompson Sound

TEXAS

1979 volume: $78.5 million
% of national total: 3.6

Texas has been the boom state for awhile now and it's reflected to some extent in the state's hifi sales.

Sales haven't been great, but better than most areas throughout the country.

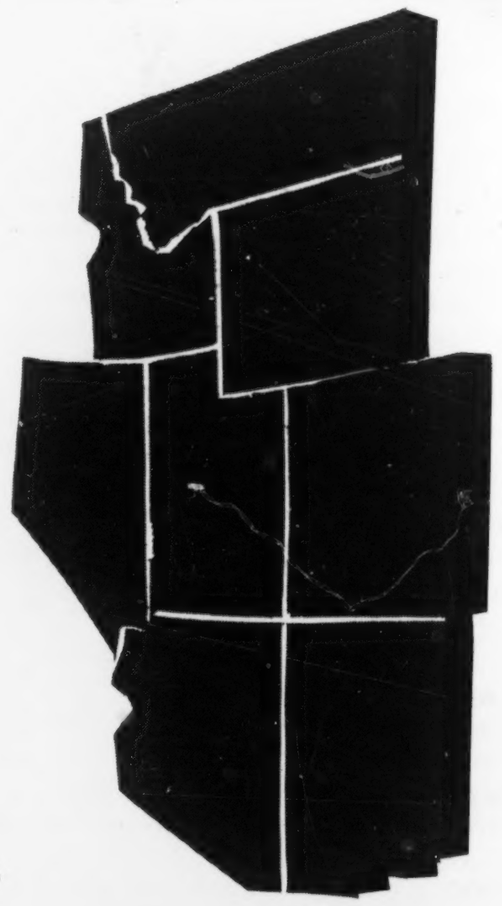
Part of the reason for the increase is that several retail leaders just decided they had to become much more aggressive locally. Dillard's, in particular, which is based in Ft. Worth and has 42 department stores in a four-state area, is frequently lauded by reps for its ability to promote and sell component systems packages at strong price points.

Pacific Stereo has added four stores in the Houston area, bringing to 14 its total number of outlets in Texas. The four new stores, with Pacific Stereo's added promotional kick, have given the whole area a big boost in terms of overall consumer awareness in hifi.

Custom HiFi has closed down all of its stores in Dallas, but remains a factor in its other markets, namely Houston, Lubbock and Beaumont.

Radio Shack, which is based in Ft. Worth, has stores all over Texas and is doing "extremely well" with its Realistic brand throughout the state, one rep reports. More interesting, perhaps, are JC Penney's activities in the state. Penney has been advertising heavily in key markets in Texas and is considered to be competitive--it's getting its share.

LEADING RETAILERS
All-Star Audio
Arnold & Morgan
Best Products
City Appliances
CMC
Custom HiFi
Dillard's
Dyer Electronics
Foley's
JC Penney
Melody Shops
Pacific Stereo
Radio Shack
Sanger-Harris
Sound Climax
Sound Idea
Texas Hifi
Thompson Sound



Mountain

ARIZONA

1979 volume: $29 million
% of national total: 1.3

Dollar volume in hifi is up very slightly this year in Arizona and much of that is coming from new people who

have moved into the area—usually from the East.

In fact, this is considered an expanding market. Arizona expects its population to grow significantly over the next 10 years and the firmly entrenched factors seem to have positioned themselves well to take on the new business.

Still, business is soft. Inflation is taking its toll here as it is just about everywhere else and the strong survive—in most cases.

Arizona Audio, considered the dominant hifi retailer in the state a year ago, is no longer in business and has closed down its two units in Phoenix. A few others have also slipped in the past year, although they continue to rate as factors in their markets, according to rep reports.

House of Stereo in Tucson has changed its name to Stereo Warehouse. Jerry's Audio Exchange, with units in Phoenix and Tucson, continues to get high marks from reps, as does Silo's Appliance-TV City. Audio Specialist in Tempe is considered a "comer" and reps say Tech Stereo is doing a good job.

LEADING RETAILERS
Audio Specialist
Custom HiFi
Hi-Fi Sales
Gemco
Jerry's Audio Exchange
LaBelle's
Silo's Appliance-TV City
Sound Fantasy
Stereo Warehouse
Sun Stereo
Tech Stereo

COLORADO

1979 volume: $59 million
% of national total: 2.7

Although many local dealers have fallen down on the job in the minds of some of their reps, Colorado's economy seems to have helped hifi sales here this year. Business has grown steadily—if slowly—with an influx of new people to the area, from ski bums to professionals. For some dealers, it's paying off.

Those dealers who are growing are doing so because they've become just a bit more aggressive in their advertising and promotion and sharper about their business in general.

Denver is still the center of most of the state's hifi sales, but it's spread among a lot of dealers, some of whom have moved into the city this year from outlying areas, such as WJL Sound.

Howard Sound, which had operations in Boulder and Denver, is no longer in business in the state.

LEADING RETAILERS
Audio Junction
Crisman Audio-Video
Custom HiFi
Downing's
Fred Schmid's Appliances
LaBelle's
Moe's Sight & Sound
Sound Shops
Sound Track
World Wide Stereo
WJL Sound

IDAHO

1979 volume: $3.3 million
% of national total: 0.2

Many of Idaho's top hifi retailers are small, but they remain factors in their own markets.

Business in Boise has picked up to some extent with the help of Hewlett-Packard, which is bringing people into the area who, in turn, are setting up new households. Also, farming has been good in the state this year and, as one rep pointed out, farmers tend to spend when they have it and they pay cash.

As in the past, Phase IV Stereo is just about the biggest thing going in Idaho Falls. Todd Stereo and Sound Limited are the important factors in Twin Falls. Mark's Music in Twin Falls is mentioned by reps as a new factor.

Sound World, once a leader in Boise, is out of business in Idaho. So is Sounds Fantastic.

Reps complain that while local economic conditions are good, the negative national feeling about the economy is filtering in and has made everyone tense and slow to spend. One result is that dealers, who aren't that big to begin with, are buying shallow and losing sales because they don't have the stock.

LEADING RETAILERS
Ascension Stereo
Ballou-Latimer Camera & Sound
Jamieson's Music West
Mark's Music
Phase IV Stereo
Sound Limited
Sound West
Stereo Shop
Team
Todd Stereo

MONTANA

1979 volume: $4.2 million
% of national total: 0.2

With so much land mass and so little population, Montana's hifi market is much like that of many other states: Smaller independent stores scattered among several towns—none of them very big—and none dominating the state.

Hifi sales were up very slightly this year, partly because of inflation, but heavy advertising by a number of the more aggressive specialty dealers seemed to help to some extent.

Buying on credit is in decline here as it is in many areas, although JC Penney continues to do fairly well because its customers have the store's credit card.

Several of the leading retailers are repeaters from last year, but there are a few new entries, too. These are the Sound Room in Great Falls and Billings, and Northern Electronics in Havre.

LEADING RETAILERS
Farr's Jewelry
Fran's TV Sales
LaBelle's
Northern Electronics
Sound Pro
Sound Room
Sound West
Team

NEVADA

1979 volume: $6 million
% of national total: 0.3

Little has changed in Nevada this year—at least in the hifi market.

Business is most often described by reps who serve the area as "generally flat" with few bright spots.

A number of dealers reportedly are just holding their own, but a few, like Wild West Stereo, a newcomer a year ago; Tech Stereo, and Sound Emporium are also said to be doing quite well.

Some hifi retailers have managed to carve out some plus business from sales to entertainers who have set up permanent residency in Las Vegas or Reno and invested in high-end equipment.

So far, at least, the private label firms, namely, Radio Shack and JC Penney, have had little impact in the area, according to reps.

LEADING RETAILERS
Sierra Custom Sound
Sound Emporium
Sun Stereo
Tech Stereo
Tin Ear
Wild West Stereo
Interior System

NEW MEXICO

1979 volume: $6.7 million
% of national total: 0.3

Not much has happened in New Mexico during the past year to expand its hifi market.

Although some reps claim that people are moving into the state because it is warmer and offers an alternative to Arizona and California and some other Sun Belt states, New Mexico is not attracting industry or much of anything else that might contribute to its economic growth.

Area reps, however, estimate very slight growth in hifi dollar volume this year, perhaps as a function of the normal inflation rate in the area.

LaBelle's, a catalog showroom, continues to be a strong factor as a component hifi merchandiser in the state. Audio Associates, once one of the area's hifi strongholds, is no longer considered a force here, say reps.

In private label activity, Radio Shack is a growing factor with its Realistic brand. JC Penney, with plenty of stores around, isn't doing as good a job as Radio Shack, but is important in that it gets a lot of credit card business and first-time hifi buyers.

LEADING RETAILERS
Bartlett Sound (Pro Audio)
Candyman
Custom HiFi
Fourtronics
Hi Fi House
Hudson's Audio Center
LaBelle's
Radio Shack
Stereo Den
Trans American Audio
21st Century Sound
West Coast Sound Systems

UTAH

1979 volume: $11 million
% of national total: 0.5

Utah may not be one of the more dynamic hifi markets in the country, but it picked up in sales volume this year, if only slightly.

Reps decry the fact that while the state's economy is generally sound, particularly in the Salt Lake City area, its residents seem to be paying too much attention to so much of the negative economic news they're hearing from other parts of the country.

Little has changed in terms of the state's top hifi dealers. LaBelle's catalog showroom continues to do a good job in Salt Lake City as does Broadway Music, believed to be the oldest hifi retailers in the state. With stores in Murray and Provo and plans for expansion into Ogden, Inkley's is considered a factor in the state. HiFi Shop continues to hold its own, although reps report that it has turned to more esoteric hardware this year.

Despite complaints that independents often aren't aggressive enough, the private label houses, such as Radio Shack and JC Penney, don't show up as big factors in this region.

TriPower, once a factor here, is out of business.

LEADING RETAILERS
Broadway Music
Custom HiFi
HiFi Shop
LaBelle's
Inkley's
Sensory Sound
Standard Audio
Winterton's
World Wide Stereo

WYOMING

1979 volume: $4.4 million
% of national total: 0.2

Hifi sales were up noticeably in Wyoming this year, with a number of dealers moving into position as strong factors in local markets for the first time.

Much of the market growth here can be accounted for by an influx of young people, many of them going into mining. "There is subtle growth taking place here," one rep told us, "but it's there."

LaBelle's, which shows up as a factor in so many other states around the country, is new to the Wyoming list of "Leading Retailers." With stores in Casper, Cheyenne and Cody, it's already coming on strong in the area.

Radio Shack is also beginning to cut into some market shares in Wyoming.

LEADING RETAILERS
Audio World
LaBelle's
Moe's Sight & Sound
Murphy's Sound Cellar
Music Box
Radio Shack
Stereo World

→

Retail Hifi Breakout

Pacific

ALASKA

1979 volume: $7 million
% of national total: 0.3

It has been over two years since construction of the Alaska pipeline was completed, but hifi reps who cover the state still talk about that period with deference. It was a time when most workers had a lot to spend—and did. But that's all gone now and in the words of one rep, "It's just a normal economy."

And that's not saying much in these parts. Anchorage continues to grow, but it is no longer booming and the growth hasn't filtered down to enough serious homesteaders willing to lay out additional cash for hifi componentry.

With the exception of Anchorage, employment is off in the state and it's being felt at retail. Specifically, at least two hifi dealers—Shimek's and Stereo Warehouse West—are no longer a part of the local audio scene. Also, dealers in Alaska continue to fight one sizeable competitive factor here: The military post exchange. Sales are supposed to be limited to military personnel and their families, and that would be bad enough from a competitive standpoint, but there reportedly is some seepage into the basic home market here and reps report dealer discontent about this.

LEADING RETAILERS
Alaska Music Supply
The Electronics Co.
Hoitt's Music Shop
Murray TV & Sound
Nordstrom's
Team Electronics

CALIFORNIA

1979 volume: $364 million
% of national total: 16.8

California continues to be the largest, most competitive and possibly the most sophisticated hifi market in the land, but none of this helped much in 1979.

To begin with, hifi retailers in the state were subjected to the same general economic malaise as the rest of the country. Consumers just weren't buying, at least not component hifi. Not at the levels of a year ago.

The gas crunch hit everyone, but the lines were longer here and California logged more odd-even days than anyone else in the country.

Weather was another problem. It was too good and Californians were more outdoors this year, according to many reps, spending more on gasoline—which cost them twice as much as a year ago.

All this led one rep to comment: "When people don't buy accessories on the wall, you know things are bad. People still want hifi, but it's not a priority item."

Certain lines reportedly did better than others, mainly because of an added push by retailers and hyped-up support by manufacturers. Also, several of the stronger stores seemed to become even stronger during the year.

The big three chains continued to show up well in Southern California where most of the hifi activity takes place in the state. Pacific Stereo and Federated Electronics added stores recently and University Stereo is credited with gaining market share through heavy and innovative advertising and promotion.

Gemco, the 29-store discount division of the Lucky Stores, is also gaining, reps report, as is Leo's Stereo in the Los Angeles area.

The biggest dent at retail was probably recorded by Cal Stereo. Barely a month after opening outlets in Anaheim and Bakersfield to give it 17 stores overall, the hifi discounter's parent company, San Car Enterprises, filed for Chapter XI proceedings under the bankruptcy laws.

Cal Stereo is still doing well, reps indicate, but is operating on a C.O.D. basis from suppliers.

LEADING RETAILERS
Aero Appliances
Bakersfield Audio
Best Products
Bullock's
Cal Stereo
Dow Sound Emporium
Federated Electronics
Gemco
Handy Andy
Leo's Stereo
Macy's San Francisco
May Co.
Jonas Miller Sound
Now Sound
Pacific Stereo
Robinson's
Rogers Sound Labs
Stereo Plus
Stereo West
Sun Stereo
Systems Warehouse
The Broadway
University Stereo
Zody's

HAWAII

1979 volume: $8.6 million
% of national total: 0.4

Tourist dollars continue to flow in Hawaii's economy, but it hasn't seemed to help the local hifi market much. Total retail sales volume was up several percentage points this year. However, reps attribute this increase almost solely to inflation. In fact, there has been little growth in terms of unit sales this year over 1978.

"We're conforming to the economics of America," said one rep, tending to play down Hawaii's unique place in this country's political, social and geographic scheme of things. "We're in a holding pattern," he added, "like the rest of the country."

Most of the island state's hifi dollars continue to be spent in Honolulu, which has seen some changes in the past year in the retail market.

For one thing Anderson's Camera House no longer operates the audio-hifi departments in the five Parkview GEM discount stores, although it continues to do well in hifi with its own store in Honolulu. The GEM departments are now run by Electrical Distributors Ltd.

Another new entrant on the local scene, according to reps, is Ward Audio. Island Electronics, a Lafayette associate, no longer serves this market.

LEADING RETAILERS
Anderson's Camera House
Audio Center Ltd.
Lakeside Audio
Odyssey
Parkview GEM
Ward Audio

OREGON

1979 volume: $37 million
% of national total: 1.7

Hifi sales in Oregon have been down this year for all but the most aggressive dealers. According to reps, only those dealers who received significant support from their manufacturers and who are financially sound in their own right will round out the year with any sales growth.

A particular problem this year, when sales were so tough to come by, has been the raising of the state's usury lending rate from 15% to 18%, which tended to wipe out floor financing for many dealers and presumably forced some potential customers to back off.

Higher prices seemed to be yet another deterrent to sales, reps claimed.

Based on rep evaluations, a few dealers have been dropped from last year's listing of "leading retailers" and there are no new additions to the Oregon list. Electronic Supermarkets is down from three stores to one in Beaverton, but is still considered a factor in this market. Stereo Super Stores, meanwhile, has added units and is now up to three stores in the state.

Meier & Frank, the big downtown department store in Portland, continues to do well in hifi, reps say.

LEADING RETAILERS
Bend Sound Center
Chelsee Audio
Day's HiFi
Electronic Supermarkets
Fred's Sound of Music
Great American Stereo
Hawthorne Stereo & Electronics
Jafco
Meier & Frank
Smith's Home Furnishings
Stereo Super Stores
Westman's

WASHINGTON

1979 volume: $60 million
% of national total: 2.8

Like Oregon, Washington has very few well-populated business centers and that means competition is particularly tight in Seattle, and sales and growth opportunities leave something to be desired in the state's other cities and towns.

Despite inflationary pressures to hold up prices, hifi sales have been down this year.

Reps blame much of the decline on the usury interest rates in the state, which increased from 12% to 13% this year. This has put pressure on lenders and borrowers alike and has forced all but the most financially sound retailers into very strict inventory conditions. The fact that the cash flow just hasn't been there from hifi sales hasn't helped matters.

Relief from the existing usury lending rate is in sight, however, as the state legislature has agreed to take up this issue when it reconvenes in January.

Fortunately, Seattle's economy has remained sound and although not exactly a company town, the Boeing Co., which accounts for much of the city's business is in good shape with relatively high employment levels and long-term contracts.

There has been one retail dropout among last year's leading hifi market factors and that's Electricraft. A new factor in Seattle is Speaker Lab with five stores in the area.

LEADING RETAILERS
Don Stereo
Great American Stereo
Hoffman Music
Huppin's
Jafco
Magnolia Hi fi
Pacific Stereo
Paulson's
Speaker Lab
Stereoland
The Bon
TV Stereo Mart •

Merchandising and a bit of show biz dominate ITA programming seminar

NEW YORK—That the home video market is maturing was evident at the recent ITA Home Video Programming Seminar as the emphasis turned from technology to selling and distribution with a little show biz thrown in.

"We've moved from a technological orientation to an entertainment orientation," said James Lara, vice president for strategic marketing at Pickwick International, the nation's largest rack jobber, "and that's very, very essential."

Pickwick, among others, gave notice that it is getting serious about the home video market. It has put together a formal merchandising program called "Video Works," which involves the development of special point-of-sale displays—complete with video monitor—to boost impulse buying, heavy involvement in market research and expansion of distribution at a number of levels.

Test marketing

Pickwick has already formed three consumer panels throughout the U.S. as "focus groups," to market test new programs and merchandising plans. The rack jobber will concentrate its efforts initially in the Los Angeles, San Francisco, San Diego and Minneapolis areas.

Pickwick also expects to expand its mix of video accounts along with supplying its own stores. Its biggest new account is Magnetic Video, the largest supplier of prerecorded videocassettes. Pickwick reportedly will handle Magnetic Video on an experimental basis in a number of cities before expanding into new markets.

"As a company, we're very enthusiastic about the video market," Lara said.

Even the Walt Disney organization is getting its ducks in order for what it obviously views as an expanding home video market.

James Jimirro, executive vice president of Walt Disney Educational Media Co. and president of the Assn. of Media Producers, a trade group, said his company is in the process of entering the home videocassette and videodisc markets.

Only rental business

"We want to be in the rental business and only the rental business," Jimirro said. "If we can set up a rental system, we will. If it doesn't work, we'll regroup. The point is, we can move in and out (of the market) if we rent."

Jimirro pointed out that one of Disney's top feature-length animated films, "Snow White," has been issued seven times in the U.S. and sets new sales records with each succeeding release. He said this can be done with many Disney features in the home video market, but only if the tapes are rented. "We're not in a great hurry to extract millions of dollars from this marketplace," Jimirro added.

Disney has already licensed MCA to market some of its titles on videodisc. As Jimirro explained: "We want very badly for this market to succeed. It represents a tremendous market for us and we want to help it get started and to grow."

However, the Disney executive left open just how far his company was prepared to go in the videodisc area. He described Disney's current role as a "short-term obligation."

Jimirro said Disney hopes to keep most titles in the active market approximately eight to 10 months.

Discs complement tapes

James Egan, vice president-sales, Magnavox Consumer Electronics, told his ITA audience that his company sees videocassettes and videodiscs playing complementary roles in the marketplace and that the consumer's appetite for video options is definitely growing.

"The prospect of several thousands of dollars worth of video equipment in each home adds up to very exciting possibilities for us." But it also creates a potential problem for the industry, as Egan was quick to point out: "That television is free will be less convincing to the consumer in the future" as he begins acquiring new and expensive video devices to hang on his basic tv set.

At any rate, Egan predicted that by 1985, the population of VCRs and videodisc systems would be virtually the same—about seven million each in use in American homes. But the lower disc price will begin to push this software format past videotape in unit sales beginning in 1985, Egan added.

Filmed interview

Consumer and dealer interest in the videodisc systems was made clear at the ITA meeting by Robert Pfannkuch, corporate vice president of Bell & Howell and head of its video group, when he showed a filmed interview of a customer in a Chicago store explaining that the dealer had just offered to buy back some of his recently purchased discs. This, despite the fact that the only videodisc system on the consumer market, the Magnavox MagnaVision system, is *officially* only available at retail in Atlanta and Seattle.

According to Pfannkuch, MagnaVi-

(Continued on page 58)

Sees computer, VCR and cable tv as integrated home unit in 10 years

NEW YORK—H. Ross Perot, who left IBM in 1962 to make his fortune in the development and marketing of computer programming, thinks the ability to use computers will eventually be required as a test of literacy.

Perot, chairman of Dallas-based Electronic Data Systems, who gained international fame when he sponsored a series of flights into Hanoi to rescue American prisoners of war from their North Vietnamese captors, predicts that nine million homes will be equipped with computers within 10 years. The computers, along with the 30 million videocassette systems he believes will be in place in U.S. homes within that same time period, and cable and pay tv hookups, "eventually will all be tied together as an integrated unit."

Using aircraft as an analogy, Perot, who was the keynote speaker at the ITA Home Video Programming Seminar here, told his audience: "We're at the DC-3 stage, not even the jet plane level in the development of (electronic) technology."

Perot's passion for computers and small advanced electronic gadgets led to the recent formation of Inovision, a direct mail order operation specializing in consumer electronics, and a wholly owned subsidiary of EDS. He called consumer electronics a "major market," but added: "I don't understand it, but I wanted to get into it now—to learn. We can afford to be early, but we can't afford to be late" in this industry.

"It's hard to think that people will be going to toy stores to buy computer programs for their children, but we believe they will," Perot said.

Perot said he also sees great opportunities in the small business computer markets. He said there are only about three million of these systems in use today in the U.S. "It could easily go to eight million, or to just about anyone who has a cash register if the prices continue to drop. The only medieval device in the system will be the cash drawer."

Merchandising's TOP 50

	Last month's position	Months on chart
1. M*A*S*H	4	14
2. Patton	2	14
3. The Sound of Music	5	9
4. Butch Cassidy and the Sundance Kid	1	2
5. French Connection	7	14
6. The Godfather	6	5
7. Wild Geese	27	10
8. Saturday Night Fever	3	5
9. The Godfather II	10	2
10. The Graduate	11	11
11. The African Queen	8	5
12. Hello Dolly	12	14
13. Carnal Knowledge	16	11
14. Tora! Tora! Tora!	15	14
15. The Longest Day	18	14
16. Bruce Lee—Super Dragon	36	12
17. Night of the Living Dead	35	6
18. A Touch of Class	19	5
19. Papillon	17	12
20. The King & I	9	14
21. Tunnel Vision	41	6
22. Looking for Mr. Goodbar	13	2
23. King Kong	24	11
24. Mighty Mouse	25	11
25. Paper Chase	43	12
26. Von Ryan's Express	31	14
27. Marathon Man	N	1
28. The Man Who Would Be King	14	13
29. The Lion in Winter	22	9
30. The Sailor Who Fell From Grace With the Sea	38	9
31. Heckle & Jeckle	N	4
32. A Man and A Woman	20	10
33. Fantastic Voyage	32	14
34. Murder on the Orient Express	29	2
35. The Hot Rock	40	12
36. The Hustler	34	9
37. Flash Gordon Conquers the Universe	45	4
38. The Beatles at Shea	47	9
39. The Bible	N	7
40. The Day the Earth Stood Still	23	8
41. The Sand Pebbles	N	10
42. Citizen Kane	26	12
43. Barbarella	28	2
44. Doctor Dolittle	39	13
45. The Great Dictator	N	5
46. Those Magnificent Men in Their Flying Machines	48	13
47. Voyage to the Bottom of the Sea	46	8
48. Elvis Presley in Concert	50	5
49. The Dutchess and the Dirtwater Fox	21	2
50. Blue Hawaii	44	14

OUTLOOK '80: 53% of dealers forecast sales gains

Some set higher goals than for '79

If dealers of consumer electronics, major appliances and housewares have learned anything from the business vagaries of 1979, it appears to have been caution.

Last year, an exuberant 81% of the respondents to *Merchandising's* annual Retail Opinion File on sales goals said they expected volume increases over 1978. This year, a more conservative 53% are anticipating gains for the year ahead.

Moreover, 14% in this year's poll are predicting a drop in sales, compared with 5% a year ago; and 33% are looking for no change in volume vs. 14% in the previous survey.

The optimistic retailers, however, are apparently more optimistic than ever about their 1980 sales targets. Although fewer merchants are forecasting gains for the year ahead, among those that do, more are calling for heftier increases. Last year, 15% of the respondents said they expected business to improve by 15%or more; this year, 39% are planning to beat their figures by 15% or better.

Also, while 1% of the dealers queried are projecting a 1-5% gain in sales, 22% picked that target a year ago; and 15% say they expect to be 5-10% ahead vs. 42% in the previous study.

Similarly, while 50% of the respondents to the 1978 poll said they planned to increase their advertising and promotional expenditures, this time around 34% are budgeting increases for 1980.

Yet, the awareness that retailers face a tougher battle for the consumer's discretionary dollar may be seen by the fact that a substantial 71% are scheduling increases of 10-20%; last year only 10% indicated they were prepared for expenditures of that magnitude.

Also, 6% of the respondents are expecting to increase their local ad outlays by 1-5%; last year, 45% said they would increase their budgets by that percentage.

Retailers participating in this third annual outlook poll represent stores of all sizes and types—from local independent dealerships to national chains and from specialty operations to full-line mass merchandisers—as well as from all sections of the country. Also, participants have buying responsibilities, at one level or another, for major appliances, housewares and consumer electronics products.

In addition, to the overall results of the current poll indicated above and in the accompanying charts, retailers point out, product category by product category, what their plans and expectations were for the coming year.

MAJOR APPLIANCES

In this product grouping, 52% of the respondents expect sales increases in 1980, compared with 77% a year ago, but 33% say volume will be the same next year vs. 17% a year ago. And 52% put their anticipated gains at the 10-15% level compared to 17% in 1978. Still more optimistic are the 29% who say their gains will be 15% or more vs. the 14% last year.

Countertop microwave ovens are expected to produce dollar volume gains in 1980 for 63% of respondents, compared with 25% in the year-ago poll. Laundry products are ranked second with 54%, followed by refrigerators (50%) and microwave oven combinations (49%). This compares with last year's tally of 55%, 48% and 64%, respectively.

In terms of dollar profits, dealers apparently expect a squeeze; all products were behind last year's findings except for countertop microwave ovens. Nevertheless, laundry products and refrigerators are still picked number 1 and 2 to produce profit increases by 37% and 36% of the respondents. This compares with 42% and 40%, respectively, in 1978. Countertop m/w ovens will generate profits for 29% vs. only 9% last year.

Advertising and promotion plans for major appliances in 1980 follow a pattern similar to the overall findings: 35% expect increases in 1980 vs. 49% in 1979 and 58% plan to keep their expenditures the same vs. 45% last year.

ELECTRONICS

Sixty percent of the dealers say that total sales in this product category will register increases in 1980, compared with 80% last year. Another 28% see sales staying the same vs. 17% the year before, while 12% are anticipating decreases vs. 3% the previous year.

Only 1% of respondents project a 1-5% increase next year, compared with 28% a year ago, but 44% predict gains

(Continued on page 48)

RETAIL OUTLOOK

Do you expect your total sales to increase, decrease or stay the same in 1980 as compared with 1979?

	% 1979	1980
Increase	81	53
Decrease	5	14
Same	14	33

What percent increase do you expect?

	% 1979	1980
1-5	22	1
5-10	42	15
10-15	21	45
15-20	9	16
20-25	3	19
Over 25	3	4

Do you expect your local advertising or promotion to increase, decrease or stay the same in 1980 as compared with 1979?

	% 1979	1980
Increase	50	34
Decrease	7	8
Same	43	58

What percent increase do you expect?

	% 1979	1980
1-5	45	6
5-10	41	15
10-20	10	71
Over 20	4	8

Do you expect total sales in your department to increase, decrease or stay the same in 1980 as compared with 1979?

	% 1979	1980
Increase	*77*	*52*
Decrease	*6*	*15*
Same	*17*	*33*

What percent increase do you expect?

	% 1979	1980
1-5	29	1
5-10	40	18
10-15	17	52
15-20	10	13
20-25	1	13
Over 25	3	3

*In which of the following categories do you expect sales ($) increases in 1980?**

	% 1979	1980
Air Conditioners	23	21

MAJOR APPLIANCES

	1979	1980
Barbecues-Gas	12	11
Dishwashers	48	33
Microwave Ovens-Comb.	64	49
Countertop m/w	25	63
Refrigerators	48	50
Washers/Dryers	55	54
Electric Ranges	35	30
Gas Ranges	21	25
All other products	13	6

* Adds up to more than 100% due to multiple answers.

In 1980, which of the listed product categories do you expect to provide you with the greatest ($) profit (regardless of number of units sold on price per unit)?

	% 1979	1980
Air Conditioners	18	13
Barbecues-Gas	8	5
Dishwashers	23	12
Microwave Ovens-Comb.	27	20
Countertop m/w	9	29
Refrigerators	40	36
Washers/Dryers	42	37
Electric Ranges	22	12
Gas Ranges	18	13
All other products	7	14

** Adds up to more than 100% due to multiple answers.*

Do you expect your local advertising or promotion to increase, decrease or stay the same in 1980 as compared with 1979?

	% 1979	1980
Increase	49	35
Decrease	6	7
Same	45	58

What percent increase do you expect?

	% 1979	1980
1-5	42	7
5-10	45	16
10-20	9	70
Over 20	4	7

Retail Opinion File

• Continued from page 46

will be in the 10-15% range vs. 22% previously.

Although color and black-and-white tv were combined in last year's survey (64% of respondents selecting that category for dollar sales gains in 1979), this year 71% of the retailers pick color tv to show increases, while another 22% feel that monochrome will produce gains.

And while videotape recorders are ranked second with 47%, last year 52% of respondents selected that product for dollar sales pluses. High fidelity components, too, are due to show gains for 28% of respondents to this current poll, compared with 37% a year ago. Expectations for projection tv are also off this year, 18% vs. 23%.

As for those products expected to produce greatest dollar profits, 64% picked color tv, compared with the 57% who gave their vote to the combined color and monochrome tv last year. Not unexpectedly, considering the problems with high fidelity components experienced by many dealers this year, only 17% say they believe this product will provide the greatest dollar profits in 1980, compared with 36% a year ago.

HOUSEWARES

Total housewares department sales should increase in 1980, according to 43% of respondents to this poll. This compares with 66% last year. However, 36% expect gains to be in the 10-15% range next year vs. 17% a year ago. And another 25% predict increases will go as high as 15-20%, compared to the 7% who were that optimistic last year.

Not counting those products which were not included in last year's Retail Opinion File, fans are selected by the greatest number of retailers (48%) for dollar sales gains next year. This compares with 26% a year ago. And reflecting the continuing popularity of microwave ovens, 41% of respondents expect dollar sales increases to be posted by m/w cookware; 39% had similar expectations last year.

But food processors apparently have lost favor with some retailers. Thirty-four percent say that product will show dollar sales gains in 1980 compared with 50% in last year's poll, a drop of 16 points.

Correspondingly, greatest dollar profits are expected to be provided by fans, according to 30% of those polled this year, compared with 21% last year. But reflecting, perhaps, greater competitiveness, 23% of respondents look to m/w cookware to generate the greatest dollar profits vs. 33% a year ago, and food processors, too, dropped to 13% from 18% the year before. •

ELECTRONICS

Do you expect total sales in your department to increase, decrease or stay the same in 1980 as compared with 1979?

	1979	1980
	%	
Increase	80	60
Decrease	3	12
Same	17	28

What percent increase do you expect?

	1979	1980
	%	
1-5	28	1
5-10	37	11
10-15	22	44
15-20	7	16
20-25	5	22
Over 25	1	6

*In which of the following categories do you expect sales ($) increases in 1980?**

	1979	1980
	%	
TV-Color	64**	71
TV-Black & White	64**	22
TV Games	15	14
Non-Video Games	***	6
Videotape Recorders	52	47
High Fidelity Components	37	28
Car Stereo	21	23
Radios-Clock	21	18
Radios-CB	6	8
Personal Computers	7	10
Microtape Recorders	8	4
Projection TV	23	18
Calculators	6	11
Digital Watches	6	8
Telephones	8	11
Phone Answering Devices	5	8
All other products	—	3

* *Adds up to more than 100% due to multiple answers*
** *Combined in last year's survey*
*** *Not included in last year's survey*

*In 1980, which of the listed product categories do you expect to provide you with the greatest $ profit (regardless of number of units sold or price per unit)?**

	1979	1980
	%	
TV-Color	57**	64
TV-Black & White	57**	12
TV Games	7	4
Non-Video Games	***	1
Videotape Recorders	24	20
High Fidelity Components	36	17
Car Stereo	13	17
Radios-Clock	9	9
Radios-CB	7	4
Personal Computers	3	4
Microtape Recorders	5	2
Projection TV	10	8
Calculators	4	4
Digital Watches	4	5
Telephones	5	4
Phone Answering Devices	3	4
All other products	—	3

* *Adds up to more than 100% due to multiple answers*
** *Combined in last year's survey*
*** *Not included in last year's survey*

Do you expect your local advertising or promotion to increase, decrease or stay the same in 1980 as compared with 1979?

	1979	1980
	%	
Increase	52	39
Decrease	5	7
Same	43	54

What percent do you expect?

	1979	1980
	%	
1-5	38	5
5-10	45	17
10-20	15	70
Over 20	2	8

HOUSEWARES

Do you expect total sales in your department to increase, decrease or stay the same in 1980 as compared with 1979?

	1979	1980
	%	
Increase	66	43
Decrease	11	17
Same	23	40

What percent increase do you expect?

	1979	1980
	%	
1-5	33	0
5-10	41	17
10-15	17	36
15-20	7	25
20-25	2	19
Over 25	—	3

*In which of the following categories do you expect sales ($) increases in 1980?**

	1979	1980
	%	
Automatic Drip Coffeemakers	26	28
Automatic Percolators	***	15
Blenders	11	20
Broilers	8	11
Clocks-Table	27	14
Clocks-Wall	15	14
Convection Ovens-Countertop	***	23
Electric Shavers	5	6
Fans	26	48
Food Processors	50	34
Gourmet (as category)	23	10
Hair Dryers	11**	17
Hair Curlers	11**	9
Heating Pads	***	8
Hot Air Corn Poppers	***	32
Home Security-Smoke/Fire	28	34
Home Security-Intrusion	28	27
Ice Cream Makers	***	6
Microwave Oven Cookware	39	41
Plasticware	3	9
Metal Cookware/Bakeware	13	11
Slow Cookers	8	7
Tabletop	2	3
Toasters	11	15
Toaster Ovens	17	23
Vacuum Cleaners	43	38
Home Dental Care Devices	8	6
Water Filters	6	15
Barbecues-Charcoal	11	10
Barbecues-Gas	***	23
Power Tools	13	21
Flexible Line Trimmers	18	23
Lawn Mowers	29	27
Snow Throwers	***	19
Other Lawn/Garden Equipment	15	9
All other products	5	2

* *Adds up to more than 100% due to multiple answers*
** *Combined in last year's survey*
*** *Not included in last year's survey*

*In 1980, which of the listed product categories do you expect to provide you with the greatest $ profit (regardless of number of units sold or price per unit)?**

	1979	1980
	%	
Automatic Drip Coffeemakers	10	14
Automatic Percolators	***	5
Blenders	7	7
Broilers	3	2
Clocks-Table	13	9
Clocks-Wall	20	18
Convection Ovens-Countertop	***	13
Electric Shavers	4	2
Fans	21	30
Food Processors	18	13
Gourmet (as category)	10	6
Hair Dryers	5**	3
Hair Curlers	5**	3
Heating Pads	***	3
Hot Air Corn Poppers	***	5
Home Security-Smoke/Fire	16**	14
Home security-intrusion	16**	15
Ice Cream Makers	***	3
Microwave Oven Cookware	33	23
Plasticware	6	6
Metal Cookware/Bakeware	16	10
Slow Cookers	4	3
Tabletop	2	1
Toasters	8	5
Toaster Ovens	10	10
Vacuum Cleaners	44	30
Home Dental Care Devices	3	3
Water Filters	2	5
Barbecues-Charcoal	3	8
Barbecues-Gas	***	14
Power Tools	7	10
Flexible Line Trimmers	7	10
Lawn Mowers	20	23
Snow Throwers	***	10
Other Lawn/Garden Equipment	10	6
All other products	4	2

* *Adds up to more than 100% due to multiple answers.*
** *Combined in last year's survey*
*** *Not included in last year's survey*

Do you expect your local advertising or promotion to increase, decrease or stay the same in 1980 as compared with 1979?

	1979	1980
	%	
Increase	44	25
Decrease	8	8
Same	48	67

What percent increase do you expect?

	1979	1980
	%	
1-5	50	7
5-10	44	9
10-20	5	75
Over 20	1	9

Happenings

Consumer confidence and buying plans register increases in October

NEW YOK—For the second month in a row, consumer confidence has advanced, according to the Conference Board.

The Board's Confidence Index (1969/70 - 100) hit 85.6 in October, up 9 points over September. Also, the Buying Plans Index rose to 122.9, a gain of nearly 3 points over September.

Buying plans continued at the strong level registered in September. Over 34% of all those participating in the survey say they will buy a major appliance, 1 point ahead of September. Good gains were recorded for color tv and vacuum cleaners.

Consumers have turned steadily optimistic about U.S. economic prospects for the next six months. Over 16% look for business conditions to improve, up from only 12% in September and less than 10% the month before. Some 13% expect jobs to become more plentiful over the next six months, up from 10% in September and less than 9% in August.

"Consumer confidence has now just about regained all of the ground lost during the spring and summer," noted Fabian Liden, the Conference Board's director of consumer economics.

"A large proportion of consumers have grown more optimistic about the short-term future and expect their personal incomes to increase in the coming months," he added.

It's Personal...

Thomas Macioce, president and chief executive officer, Allied Stores Corp., will be the recipient of the 39th Gold Medal Award to be given by the National Retail Merchants Assn. on Jan. 16 at NRMA's 69th annual convention.

Macioce was chairman of NRMA in 1976.

Karam Skaff, vice president and senior merchandise manager, Zayre Corp., is the recipient of the Israel Menorah award presented by the health and beauty aids, appliances and allied industries division of the State of Israel Bonds. Skaff is cited "in recognition of his dedicated and inspiring leadership in the efforts to foster Israel's growth and progress through the Israel Bond program." The award will be presented Dec. 4 in New York City.

William Boss, vice president, distributor and commercial relations, RCA Consumer Electronics, has been given the Electronic Industries Assn.'s Distinguished Service Award. Boss is currently vice president, EIA's Consumer Electronics Group.

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BACKGAMMON WHIZZES: Chafitz, Inc. displayed its new Aristotle backgammon game recently in New York City. From left to right are Kim Brand, programmer of the unit and Paul Magriel, Chafitz consultant and world backgammon champion. Chafitz also showed two chess games.

Kenny appointed senior vp at Ward

CHICAGO—David Kenny, president of Jefferson Stores, Miami, has been appointed senior vice president and member of the board of Montgomery Ward.

He will retain his present title as president of Jefferson Stores.

In Miami, Jay Kolinsky, vice president and general merchandise manager for hard lines at Jefferson Stores, has resigned. He is succeeded temporarily by Ray Mufson, senior vice president of merchandising. No permanent successor has been named yet.

Hultquist named Thermo-Serv chief

ANOKA, MN—Wayne Hultquist has been named to the new position of chairman and chief executive officer, Thermo-Serv Co., a division of Dart Industries, Inc.

Hultquist is succeeded in his former post as president of Thermo-Serv by Charles Farrell, Jr.

Correction

Due to a clerical error, the figures given for refrigerator factory shipments were incorrect (*Merchandising,* November, p. 46).

The correct unit shipment figures (in thousands) and percent changes are as follows:

	1978	*1979*	*% Change*
Refrigerators/ Freezers	8,223	8,316	1.1
Refrigerators, Total	6,439	6,333	-1.6
Top-Mount	4,241	4,316	1.8
Side-by-Side	1,001	898	-10.3
Bottom-Mount	177	183	3.4
Single Door (excluding compacts)	471	493	4.7
Compact Refrigerators (under 6.5 cu. ft.)	549	443	-19.3

October color tv sales to dealers show 3.4% dip

WASHINGTON—Total U.S. market sales to dealers of color television in October fell 3.4%, with year-to-date sales off 2.5%, according to the marketing services department of the Electronic Industries Assn.

October color tv sales were 882,758 compared to the 913,348 models reported a year ago. For the 43 weeks, sales were 7,939,232, against the 8,145,639 units recorded in the comparable period.

In other categories, home videotape recorder sales amounted to 61,389, an increase of 8.6% above the 56,545 units sold last October. For the year-to-date, home VTR sales were up 19%, with 356,032 units sold, as opposed to 299,134 models sold in the comparable period last year.

Iannuzzi re-elected Key Appliance head

MELVILLE, NY—Salvatore Iannuzzi, Mamaroneck Gas & Electric, was re-elected to a seventh term as president of Key Appliance, Inc., headquartered here.

Named directors were Vincent Capuano, Marlin TV, Seaford, NY; Walter Cyburt, Appliance Arama, Plainfield, NJ; Morris Gliklich, Regal Electronics, Linden, NJ; Arline Lewis, Joe's Radio, Brooklyn, NY; Martin Painkin, Leibert Bros., White Plains, NY; Louis Robbins, Honig's Parkway, Bronx, NY; Arnold Rosen, Arnco Electronics, N. Bergenfield, NJ and Abe Tannenbaum, Abe's Radio, Brooklyn, NY.

Other officers for 1980 are Martin Painkin, vice president; Arline Lewis, secretary and Morris Gliklich, treasurer.

Blake named GECC general manager

STAMFORD, CT—General Electric Credit Corp. has appointed Norman Blake as general manager, commercial and industrial financing division, effective immediately.

Blake will be recommended for election as vice president of GECC. He joins GECC from the parent organization, General Electric Co., where he was staff executive-business development and broadcasting operations for the consumer products and services sector.

Valencia promoted at RCA Sales

INDIANAPOLIS—As part of a restructuring of the RCA Sales Corp., Arnold Valencia, executive vice president-marketing operations, has been promoted to president, succeeding Jack Sauter, who moves up to chairman of the board.

Sauter is also vice president and general manager of the RCA Consumer Electronics Division.

Under the restructuring, Darrel Bade, vice president, RCA Distributing Corp. and executive vice president, international sales, will now be responsible for the company's three branches as well as international sales. He will also coordinate sales with RCA Limited (Canada).

David Croner, named vice president-commercial strategic planning in July, moves to vice president-marketing operations.

James DeVoe, vice president-consumer communications, will have expanded national advertising responsibilities in his new position with the addition of the developing SelectaVision VideoDisc product.

R. Eugene Eddy remains as vice president-warranty programs and training.

Marvin Kramer, named executive vice president-sales in January, retains that post.

Valencia has also been named president of the RCA Distributing Co., succeeding Sauter who moves up to chairman.